

**BILL #** HB 2245

**TITLE:** TANF eligibility; two parent families

**SPONSOR:** Hershberger

**STATUS:** As Introduced

**REQUESTED BY:** House

**PREPARED BY:** Stefan Shepherd

## **FISCAL ANALYSIS**

### **Description**

The bill would eliminate the current six-month time limit for two-parent households receiving Temporary Assistance for Needy Families (TANF) Cash Benefits from the Department of Economic Security (DES).

### **Estimated Impact**

JLBC Staff estimates the bill would cost \$240,000 to \$540,000 yearly starting in FY 2006 to continue benefits for clients currently reaching their six-month time limit. This amount could increase if lifting the six-month time limit encourages other clients to spend more time receiving welfare.

TANF Cash Benefits are funded with both General Fund and Federal TANF Block Grant monies. The TANF Block Grant is a flat block grant that is currently appropriated to expend its full allocation yearly. As a result, without other changes in TANF Block Grant expenditures, the bill could require additional General Fund monies.

The department estimates the cost impact of the continued benefits to about \$490,000 yearly. DES also believes there will be one-time costs to modify policy and make computer modifications but does not have a cost estimate.

### **Analysis**

DES administers the TANF Cash Benefits program, which provides welfare benefits to low-income families meeting financial and other eligibility requirements. Under current law, two-parent households receiving TANF cash assistance are limited to six months of benefits. This bill would continue to require two-parent households to meet the same eligibility requirements as non-two-parent households, but would eliminate the six-month time limit.

For November 2004, the last month for which we have data, there were 658 two-parent cases receiving assistance averaging \$339 per month. DES reports that roughly 20% of all two-parent cases in any given month are in their sixth month of payments.

To estimate the bill's fiscal impact, JLBC Staff assumes that in FY 2006 and future years, under current law 132 cases per month (20% of 658) will be in their sixth month of benefits. DES reports that 55% of case closures in December 2004 were for employment-income related measures, while 20% of the closures were due to the six-month time limit. We believe that the 55% figure would be the upper limit of sixth-month cases obtaining employment, with 0% being the lower limit. This means that 59 to 132 cases monthly who do not receive benefits under current law would receive benefits under this bill. At \$339 per case per month, that would cost an additional \$240,000 to \$540,000 yearly. This amount could increase if lifting the six-month time limit encourages other clients to spend more time receiving welfare.

The department estimates the cost impact of the continued benefits to about \$490,000 yearly. This estimate is based on 114 cases monthly continuing to receive benefits of about \$358 per month. DES also believes there will be one-time costs to modify policy and make computer modifications but does not have a cost estimate.